


PSJ3  
Exhibit 539B

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### Table of Contents

Time	Description	Presenter	Page
8:00 am	Strategy / MOA	<i>Gilberto Quintero</i>	✓
8:30 am	Overall Process	<i>Linden Barber</i>	✓
9:30 am	Analytics	<i>Nick Rausch</i>	✓
10:30 am	BREAK (15 mins)		✓
10:45 am	System Enhancements (ADC & Distrack)	<i>Karl Kill</i>	✓
<b>11:45 am</b>	<b>Threshold Events (SOM)</b>	<b>Chris Forst</b>	
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1:25 pm	Sales Site Visits	<i>Aimee Veliz</i>	
1:45 pm	Report Writing	<i>Gary Cacciatore</i>	
2:00 pm	Review Process & LVTAC Recommendations	<i>Linden Barber</i>	
3:00 pm	Impact to Specific Business Units	<i>Nick Rausch</i>	
3:30 pm	Summary / Conclusion	<i>Craig Morford</i>	

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## Overview of Presentation

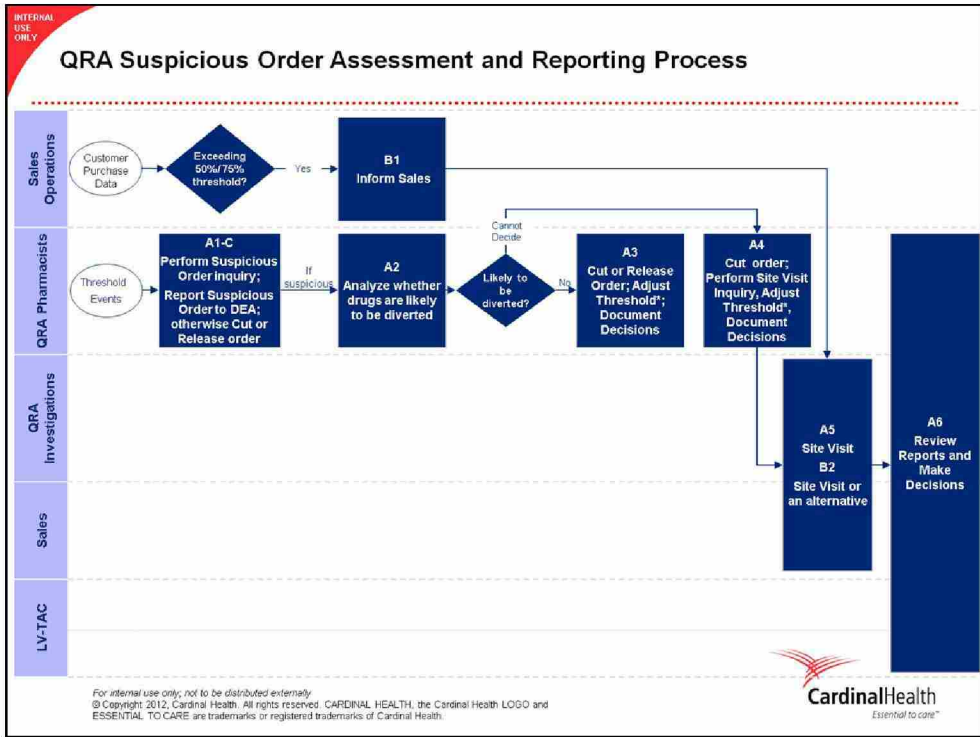
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- Review current process and discuss points of concern
- Discuss site visits (pharmacist responsibilities)
  - Sales site visits
    - Proactive
    - Requested
  - QRA site visits
  - Evaluation of site visits by Pharmacist Team
- Discuss parameters for threshold adjustment for:
  - Oxycodone
  - Hydrocodone
- Review 13 selected drug families
- Questions

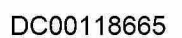
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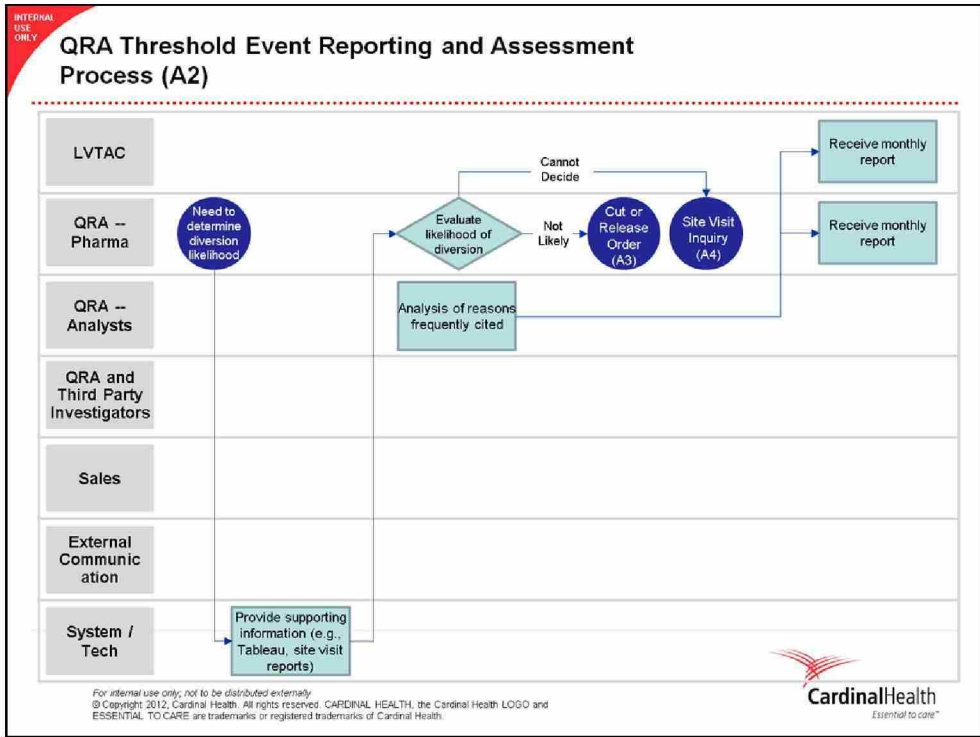
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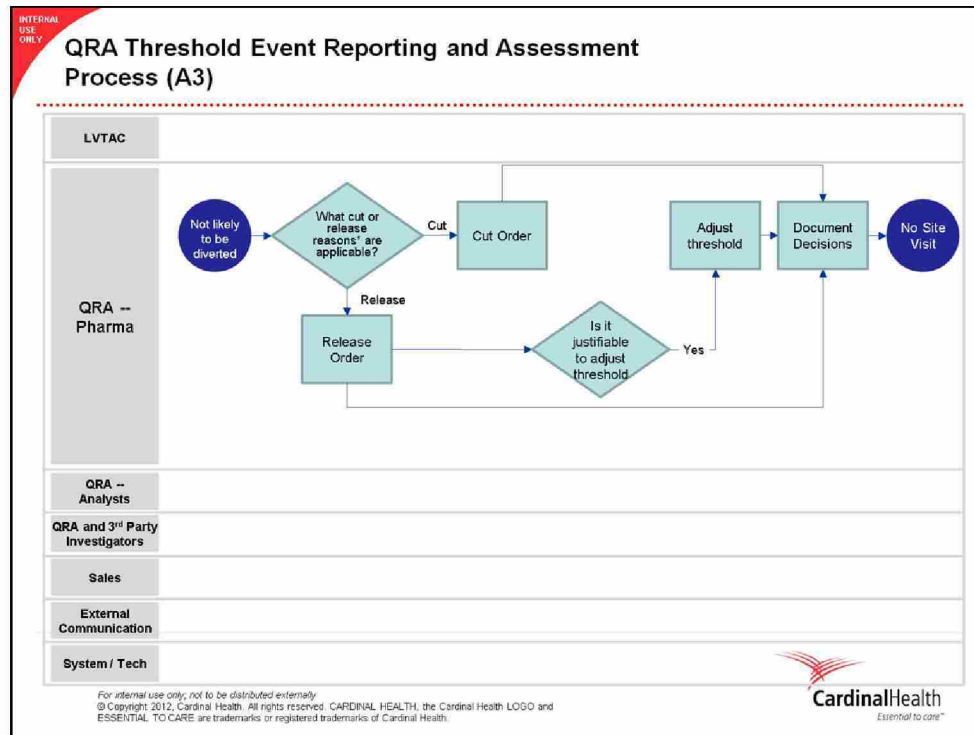
  
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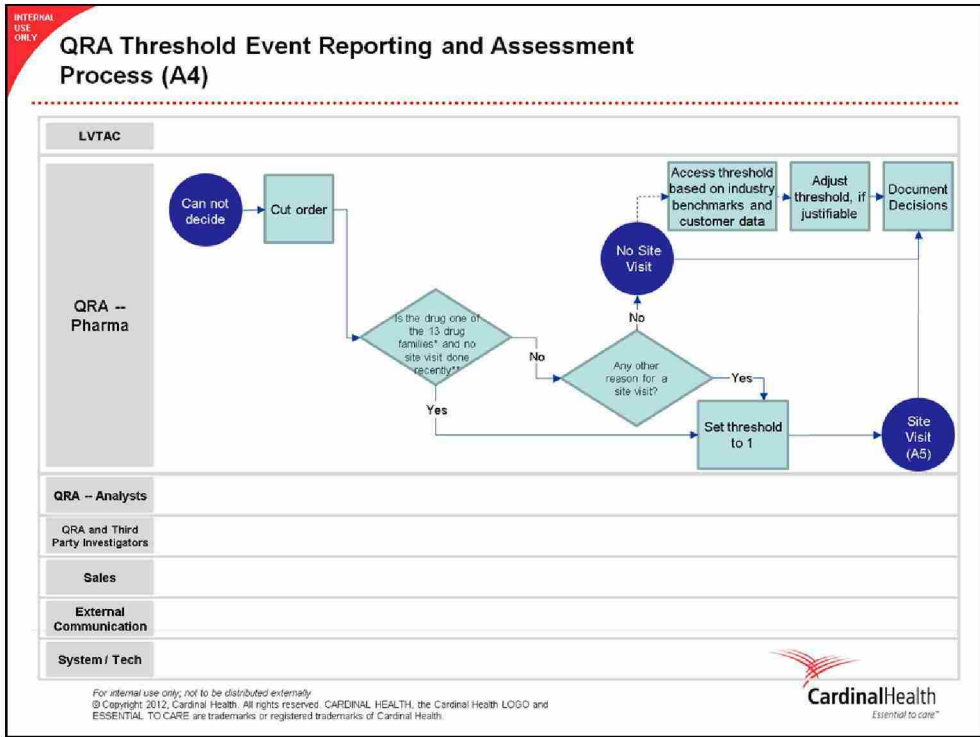


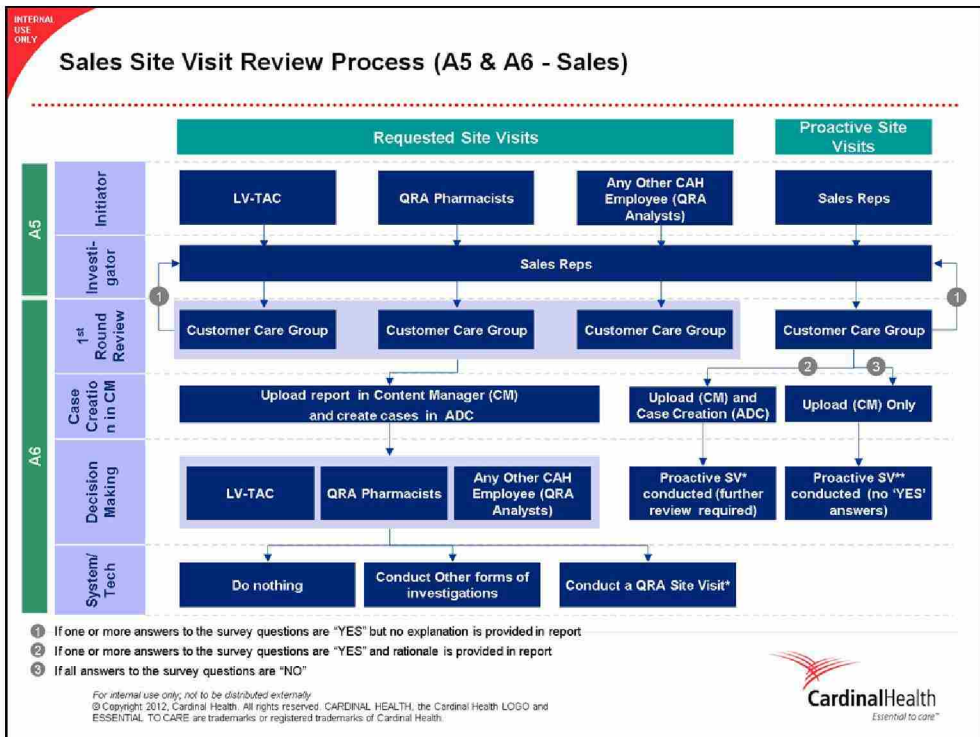


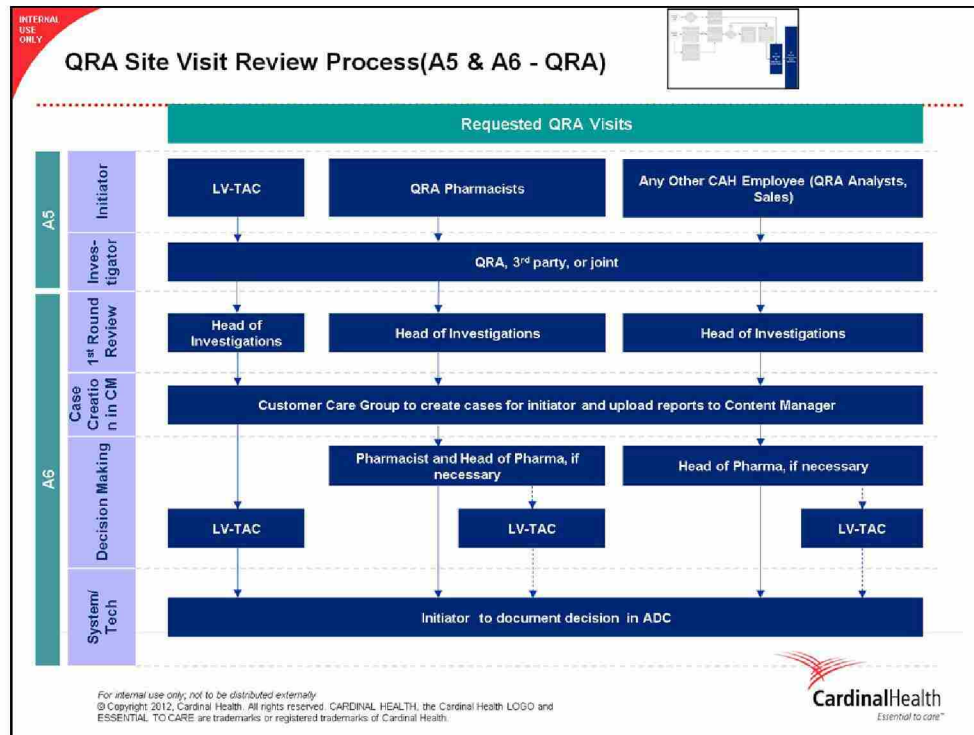












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### Pharmacist QRA – Site Visit Review

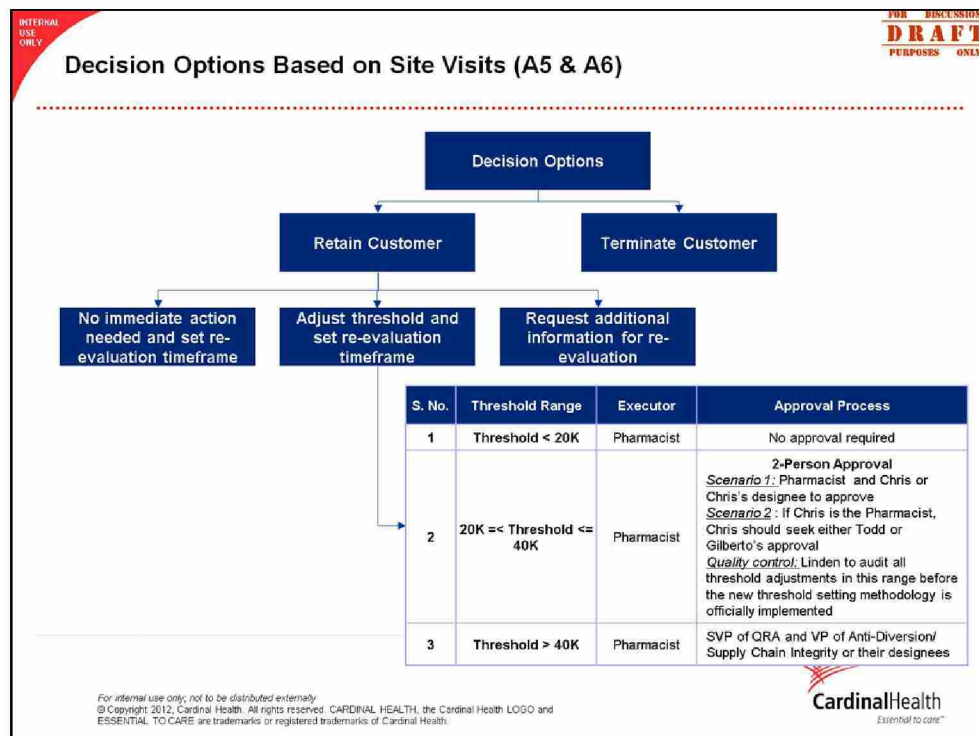
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- Initial review and recommendations are made by the pharmacist who is responsible for the customer.
  - Evaluate site visit
  - Make recommendation(s)
  - Prepare to discuss customer with Pharmacist Team
- Pharmacist Team
  - Discuss initial pharmacist's customer recommendations
  - Make final decision regarding:
    - Threshold(s)
    - Acquisition of more information
    - LV-TAC involvement
    - Termination

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**Base Codes and Product Names of Selected 13 Drug Families**

Number	Base Code	Product Name
1	9143	Oxycodone
2	9193	Hydrocodone
3	2882	Alprazolam
4	9652	Oxymorphone
5	9150	Hydromorphone
6	5000	Carisoprodol
7	9250	Methadone
8	9801	Fentanyl
9	9300	Morphine Sulfate
10	2783	Zolpidem Bitartrate (Hemi)
11	2737	Clonazepam
12	1724	Methylphenidate
13	1100	DL- Amphetamine Sulfate Monobasic

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## Threshold Events

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Questions?

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## Investigative Team


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**Ullrich Mayeski**

- Vince Moellering
- Harvey Florian
- Ray Rosenfelder
- Tim Dunham
- Jerry Whitmore
- Pat Kelly
- Robin Barde

- Lakeland FL
- Chicago IL
- Sacramento CA
- Greensboro NC
- New York NY
- Tallahassee FL
- Fort Myers FL

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INTERNAL USE ONLY		Old Report Forms – Case Notes (111)	
		DATA COLLECTION – ORA SITE VISIT	
CASE NOTES		1. Pharmacy Name/DBA: ABCAE, P.C./Medicine Shoppe 1783 DEA # and expiration date: DEA# FT0446915 Exp 11/30/13 Indicate Schedules: 2 2N 3 3N 4 5 ALL	
Pharmacy Name/DBA	ABCAE, P.C./Medicine Shoppe #1783	2. Date of Visit: 03/21/12	
Address 1 City, State, ZIP	3903 S Cobb Drive Smyrna, GA 30080	3. Pharmacist in Charge: Alex G. Pinkston IV	
Investigator:	Vincent Moellering	4. Participants: Alex G. Pinkston IV, Eric Tenuto, CAH PBC and Vincent Moellering, CAH ORA-SC	
BACKGROUND / PREPARATION – ORA SITE VISIT		5. History: Has the pharmacy or its owners ever had a DEA or STATE registration denied, suspended, or revoked? YES <input type="radio"/> NO <input checked="" type="radio"/> If yes, explain.	
I. <u>Review of ORA Supply Chain Integrity (SCIR) Repository</u>		Have there been any thefts or significant losses of controlled substances over the last year? YES <input type="radio"/> NO <input checked="" type="radio"/> If yes, please provide details.	
1. Nothing current.		6. General Description of Area: NE suburb of Atlanta, on busy 4 lane road, in residential, business area/inside a u-shaped medical complex, with the hospital in the center (50 beds), the pharmacy located at the end of one of the clinic wings/large front end with DME, OTC and HMC. A total of 25 physicians in the medical complex. 70% of the scripts are from the medical complex/in Cobb County	
II. <u>Background Investigative Findings</u>		7. Additional Pharmacy Locations: YES <input type="radio"/> NO <input checked="" type="radio"/> If Yes, list the names and locations	
1. The Georgia Secretary of State listed ABCAE, P.C. as an active professional corporation since 06/06/07.		8. Additional Pharmacy Licenses: YES <input type="radio"/> NO <input checked="" type="radio"/>	
2. Georgia Secretary of State listed the following: The Medicine Shoppe, license #PHRE009363 thru 06/30/13 Alex G. Pinkston IV, PIC, license #RPH015524, thru 12/31/12			
3. Internet searches of ABCAE, P.C./Medicine Shoppe 1783 and Alex G. Pinkston IV disclosed nothing of interest.			
4. According to Wikipedia, the city of Smyrna, is in Cobb County with a 2010 U.S. Census Bureau population of 51,271 residents.			
5. The CAH CS purchase history for the time period of 03/01/11 to 02/29/12 revealed a steady level of alprazolam purchased, and fluctuating oxycodone 50mg purchases.			
Date of Initial Completion: 03/12/12			
III. <u>Additional Background Information (Date each entry)</u>			
1. DATE **			
2. DATE **			
I		Version 1/17/12	
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## Old Report Forms – Report of Investigation (110)

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7000 Cardinal Plaza  
Columbus, OH 43219



### Report of Investigation

**CardinalHealth**

Date: 03/21/12  
 To: File  
 From: Vincent Moellering  
 Subject: ABCAE, PC/Medicine Shoppe #1783      DEA #FT0446916  
 Smyrna, GA

---

This pharmacy was visited on 03/21/12 By Vincent Moellering, CAH QRA-SCL. Met with Alex G. Pirkston IV, PICU owner and Eric Tenuto, CAH PBC

**Findings**

- Practitioners identified by the owner as his top prescribers of CS medications, held current licenses and DEA registration numbers
- 70% of all scripts come from within the medical complex, including the hospital. The medical offices have a large base of orthopedic physicians ~ 11. Also a psychiatric hospital sends their patients to the pharmacy, as it is one block away and many of those patients pay cash or are on medical assistance programs.
- Location/Area – In a NE suburb of Atlanta/located on a busy 4 lane road in a U-shaped medical complex, with a hospital in the center/in business, residential area/in Cobb County.
- Sufficient quantities of non-controlled drugs were dispensed.
- 15% of all scripts are CS
- 20% of CS are cash scripts/20% of C2 scripts are cash
- 110 daily scripts
- No evidence of internet or mail order business.
- Pharmacy has moderately sized front end
- Analysis of dispensing report revealed 12,862 oxycodone family pills dispensed on an average each month during the three month time period, pharmacy has cancer, auto accident and serious injury customers.
- PICU was thorough in his approach to due diligence and used the site visit as a learning tool


**Investigator's Assessment**

☒ Re-evaluate after 12 or more months  
☐ Re-evaluate after 3 months  
☐ Re-evaluate immediately

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Version: 1/17/12



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## New Combined Report Form - 110

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Cardinal Health Confidential / Investigator Site Visit Report

**CARDINAL HEALTH INC.  
INVESTIGATOR SITE VISIT REPORT**

**Customer Information**

a. Customer Name	Alexander Infusion LLC
b. Address	75 Nassau, Terminal Road, New Hyde Park, NY 11040
c. Customer DEA #	3A5581454
d. DEA Lic. Exp. Date	30-Jun-13
e. Date of Visit	27-Aug-12
f. Pharmacy License	220603
g. Expiration Date	31-Mar-13

h. Name of PIC	Joseph T. Staniewicz
i. PIC License #	31765-04
j. PIC Lic. Exp. Date	30-Nov-13
k. Investigator Name	G. Whitmore
l. Participants	Joseph T. Staniewicz, SPT, Linda Brauchler, PIC, G. Whitmore

m. Research pharmacy background

n. Is Internet and public media research acceptable?

o. Is Pharmacy license clear of restrictions and prohibitions in the last 10 years?

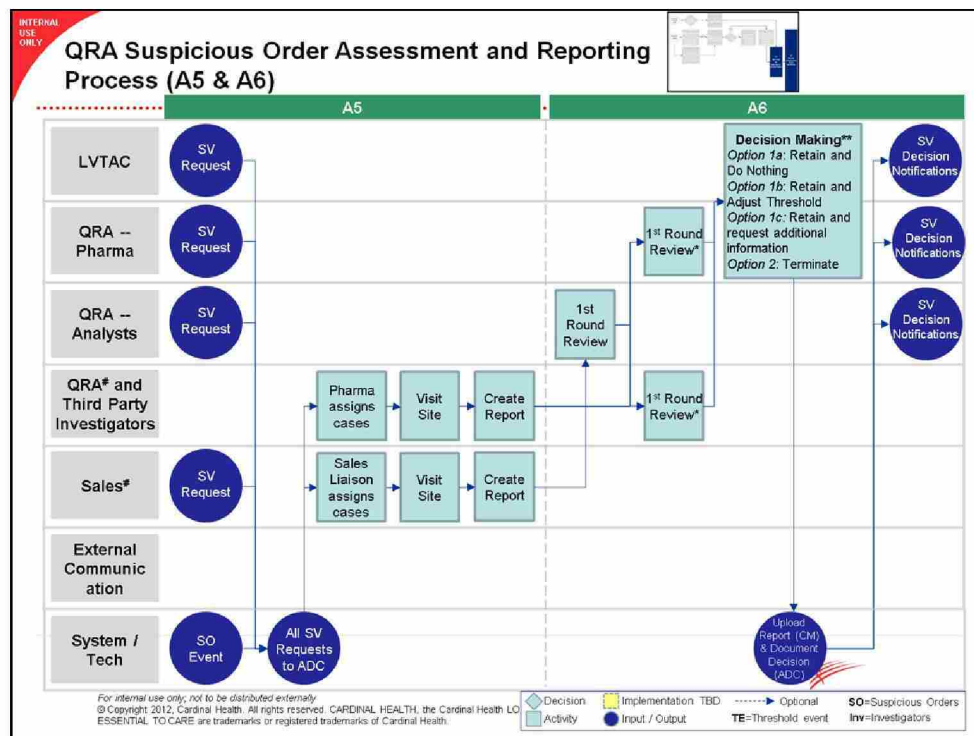
p. Is DEA registrant's number(s) active?

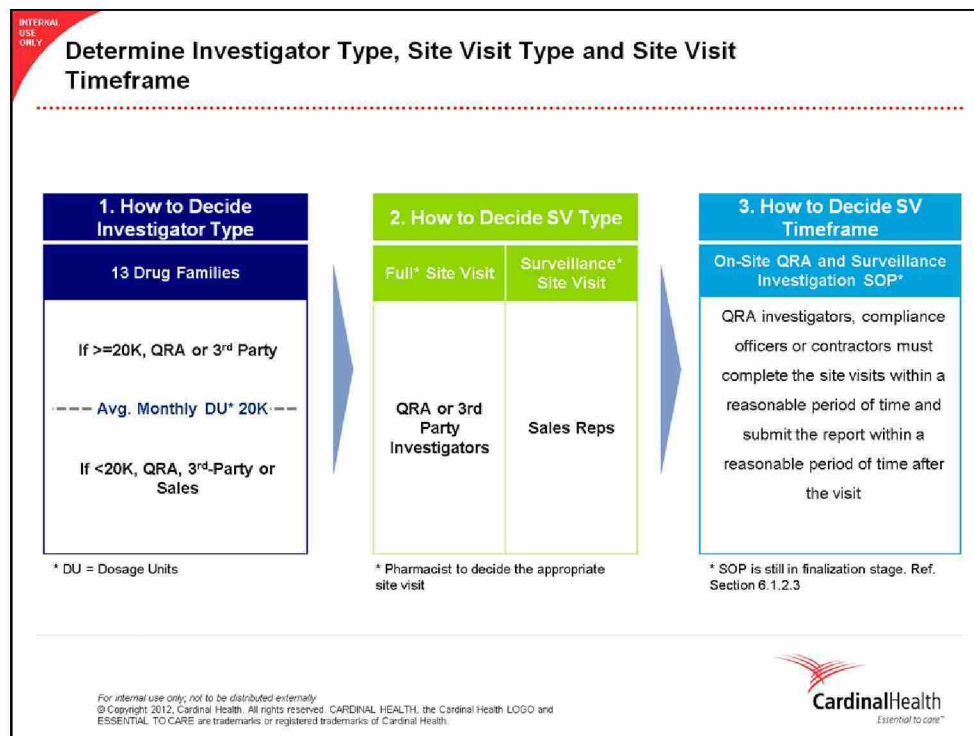
q. If the answer is NO to any of the above questions, explain why?

r. Is there information in contact manager for this pharmacy that requires the investigator to follow up?

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### PMO Tracking: Suspicious Orders Site Visit Justifications

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QRA	<ol style="list-style-type: none"> <li>1. for QRA-a suspicious order event and the customer's threshold is restricted</li> <li>2. for QRA-requested by QRA Pharmacist</li> <li>3. for QRA-requested by LVTAC</li> <li>4. for QRA-requested by QRA Analyst</li> </ol>
Sales	<ol style="list-style-type: none"> <li>5. for Sales-a suspicious order event and the customer's threshold is restricted</li> <li>6. for Sales-requested by QRA Pharmacist</li> <li>7. for Sales-requested by LVTAC</li> <li>8. for Sales-requested by QRA Analyst</li> </ol>
Kinray	<ol style="list-style-type: none"> <li>9. for Kinray-a suspicious order event and the customer's threshold is restricted</li> <li>10. for Kinray Sales-requested by QRA Pharmacist</li> <li>11. for Kinray Sales-requested by LVTAC</li> <li>12. for Kinray Sales-requested by QRA Analyst</li> </ol>
DIK Drug	<ol style="list-style-type: none"> <li>13. for DIK Drug Sales-a suspicious order event and the customer's threshold is restricted</li> <li>14. for DIK Drug Sales-requested by QRA Pharmacist</li> <li>15. for DIK Drug Sales-requested by LVTAC</li> <li>16. for DIK Drug Sales-requested by QRA Analyst</li> <li>17. for Other (Detailed comment required)</li> </ol>

Note:- "Comment Field" to be a mandatory field (if possible) for ALL the selections

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## Email Notification

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Hello,

This is the ADC application informing you about a site visit request for the following customer:

BR5172084  
RALPH DRUGS  
15 MCDUGAL ST  
BROOKLYN  
NY  
11233

The justification for this visit is: FOR QRA-REQUESTED BY QRA PHARMACIST

Additional comments (if any) are:

Customer did not provide adequate explanation for increases for buprenorphine since June. At least 3 requests have been ignored and customer has stated that he will not provide more information (content manager sept. 6.) Until site visit is completed, all orders over static threshold will be cancelled and reported as suspicious.

Please coordinate with other QRA members to schedule this site visit.

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## QRA Site Visit

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Questions?

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## Sales Site Visit - Background


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- Why are we requesting Sales Site visits?
  - To obtain customer information to help assess whether an order placed by the customer is likely to be diverted
    - If a customer places a suspicious order, the pharmacist may hold future orders for some or all controlled substances until a site visit survey is conducted unless a current survey is already stored in Content manager
    - Current site visits are defined as completed within 90 days or less from the date the order was placed
  - To leverage Sales Force's customer knowledge and geographic presence to enhance customer due diligence
    - The Sales force will help conduct surveillance site visits
    - The Sales Ops team (led by Patrick Dudley) will notify the Independent or Acute Care sales team to conduct site visits for PD Cardinal Health customers (chains included) located in their assigned geographic territory
    - Kinray, Dik Drugs and Borschow will coordinate their own site visit requests

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## Sales Site Visit - Background

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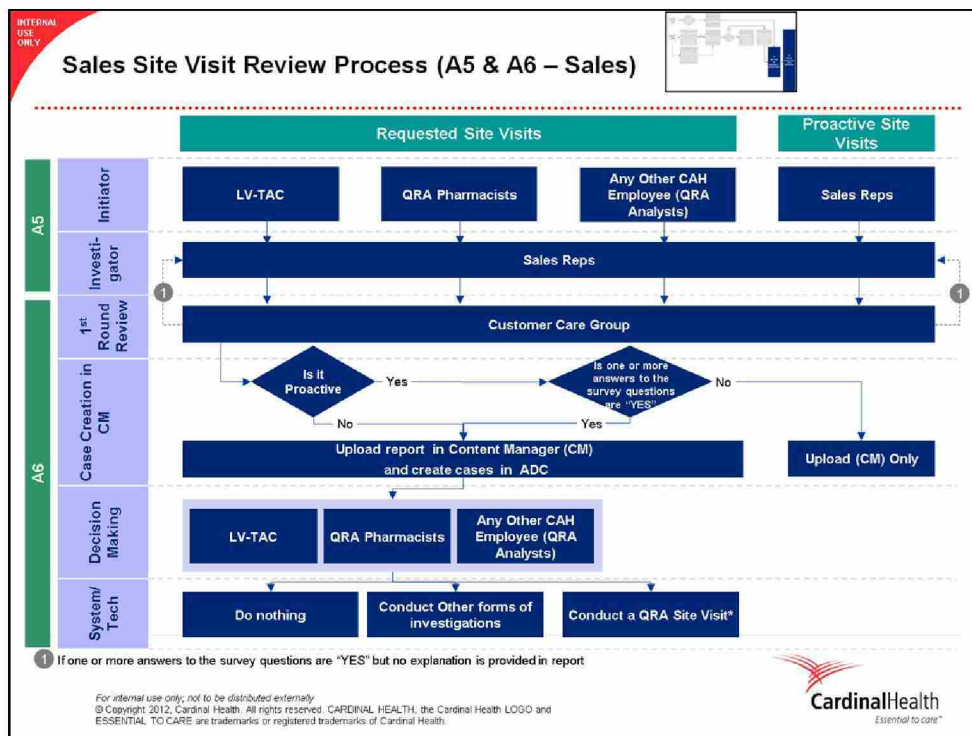
- How does a Sales Site Visits differ from a QRA Site visits?
  - The Report/Form consists of one page and includes only six questions
  - The questions are designed to identify obvious signs of diversion
    - Example:*
      - Do you see long waiting lines in the pharmacy?
      - Are the customers not congruent with the demographics of the area?
  - This type of visits is considered surveillance or observational visits
    - Investigators (in this case, the sales force) are not required to interview staff or customers/patients, or to announce themselves as Cardinal Health employees
  - The sales force (investigators) will answer survey questions based on their observations at that time of the visit
  - The sales force will assess customers' likelihood of diversion based on their observations in comparison to other similar pharmacies in the same or similar neighborhood

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# Outputs: Survey Format

## Kinray - Surveillance Survey

(1 page)

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CARDINAL HEALTH INC.  
SURVEILLANCE SITE VISIT REPORT - KINRAY

Survey Information

CUSTOMER NAME: \_\_\_\_\_  
CUSTOMER ROLE: \_\_\_\_\_  
CUSTOMER ADDRESS: \_\_\_\_\_  
CUSTOMER CITY: \_\_\_\_\_  
CUSTOMER STATE: \_\_\_\_\_  
CUSTOMER PHONE: \_\_\_\_\_  
CUSTOMER FAX: \_\_\_\_\_  
INVESTIGATOR NAME: \_\_\_\_\_  
INVESTIGATOR PHONE: \_\_\_\_\_  
INVESTIGATOR EMAIL: \_\_\_\_\_

Based on the information during the site visit:

- Have there been any staffing issues in the pharmacy?
- Have there been any concerns about pharmacy staff compliance with the immunization and vaccination of the staff?
- Have there been significant numbers of staff who are not vaccinated with the immunization of the pharmacy?
- Have there been concerns of staff who are not vaccinated with the immunization of the pharmacy?
- Have there been any other concerns about the pharmacy, other than the immunization compliance of the staff?

Has the investigator been able to confirm any other clinical signs of disease at the pharmacy during the site visit?

Please indicate the amount of time in hours that were spent performing survey, site visit, investigation, etc.

**PLEASE SUBMIT ALL COMPLETED SURVEYS TO GMB**

Future state

## Borschow - Surveillance Survey

(Spanish - 1 Page)

**Cardinal Health**  
CARDINAL HEALTH INC.  
Visita a la Farmacia - Consultación de QRA

Survey Information

CUSTOMER NAME: \_\_\_\_\_  
CUSTOMER ROLE: \_\_\_\_\_  
CUSTOMER ADDRESS: \_\_\_\_\_  
CUSTOMER CITY: \_\_\_\_\_  
CUSTOMER STATE: \_\_\_\_\_  
CUSTOMER PHONE: \_\_\_\_\_  
CUSTOMER FAX: \_\_\_\_\_  
INVESTIGATOR NAME: \_\_\_\_\_  
INVESTIGATOR PHONE: \_\_\_\_\_  
INVESTIGATOR EMAIL: \_\_\_\_\_

Based on the information during the site visit:

- Have there been any staffing issues in the pharmacy?
- Have there been any concerns about pharmacy staff compliance with the immunization and vaccination of the staff?
- Have there been significant numbers of staff who are not vaccinated with the immunization of the pharmacy?
- Have there been concerns of staff who are not vaccinated with the immunization of the pharmacy?
- Have there been any other concerns about the pharmacy, other than the immunization compliance of the staff?

Has the investigator been able to confirm any other clinical signs of disease at the pharmacy during the site visit?

Please indicate the amount of time in hours that were spent performing survey, site visit, investigation, etc.

**PLEASE SUBMIT ALL COMPLETED SURVEYS TO GMB**

From: WinWatcher [mailto:info@winwatcher.com] to: GMB  
To: GMB  
Cc: GMB  
Subject: WinWatcher QRA Survey Completed for DEAMBH000737 - WALGREENS DRUG MAZT

Attention QRA Team & Survey Delegator  
An assigned user has COMPLETED the QRA survey. Please review below:  
View the survey details in the WinWatcher

Survey ID: 36  
DEA #: 81460727  
Name: WALGREENS DRUG MAZT  
Address: 3404 BROADWAY AVENUE  
LUBBOCK, TX 79433  
Contact: [REDACTED]  
Phone: 806-7827221

Survey Status/Investigator

Survey Status: 100% Survey Completed

Investigator: Duffin, Patrick

Investigator Assignment: Duffin, Patrick

Survey Question(s):

Were there long lines waiting at the pharmacy?

**Win Watcher**  
(ParMed, PD - all class of Trade)

Group Mailbox: GMB-QRA-CustomerVisit

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## Exceptions

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- Site visits for the following customers will be completed by QRA Investigators (reactive)
  - Dik Drugs\* (*until Sales training can be completed*)
  - Closed door pharmacies
  - In-patient hospital pharmacies

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## Sales Site Visit

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Questions?

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## Document Creation Rules


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- Think Before You Write
  - Assume that what you say will become public and will be taken out of context
  - How would you feel if what you wrote appeared tomorrow in the *New York Times*?
- Stick to the Facts
  - Do not go outside your particular expertise
  - Do not speculate or assume
- Write Clearly and Completely
  - Label documents as drafts

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### Document Creation Rules (cont.)

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- Avoid Inflammatory or Flip Language
  - Avoid puns, jokes, or off color comments
  - Avoid sarcasm, irony and humor
  - Consider how words may be used out of context
  - Avoid “hot button” and legal “buzz” words
    - Fraud, Misrepresentation, Criminal, Breach, Negligent, Liability, Reckless
  - Avoid words that could suggest a guilt complex
    - “Original, no copies”
    - “For your eyes only”
    - “Destroy after reading”
    - “Don’t put this in writing”

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### Cardinal (Common sense) Rules

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- Prepare all responses and written communications (specific to an issue) on the assumption that:
  - They will be used against us in an administrative or legal proceeding
  - They may be publicly disclosed and appear in the press
  - Our competitors will read them
  - Our CEO and/or Senior management will review them
- Don't hesitate to seek Corporate assistance early in the process

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#### Make Sure Facts are Relevant

- Two employees were observed smoking at the front door of the store. There was a small pick-up truck that was parked in the lot with two individuals. They appeared disheveled and one of them was extremely over weight. They were dressed in worn out clothing and one of them appeared to be impaired. A third overweight individual came out of the store and somehow fit into the vehicle. They left the area without any further incident.

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### Make Sure Facts are Relevant

- Unemployment is high in Philadelphia and many of the unemployed just “hang out” during the day.
- "There was a female in the pharmacy observed making a money transfer. She was dressed provocatively and had tattoos on her chest, arms and leg. . . ."
- Observed in the parking lot were the scattered contents of a women's purse or wallet. Also found in the parking lot were, a few magnetic garment tags, indicating a recent theft, either from the pharmacy or a nearby store.

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### Avoid Racial Statements

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- This is a 12 year old stand-alone store located along a moderately busy road surrounded by most low income Hispanic and elderly residents in a residential and commercial section.
- Heavy Hispanic traffic appeared to come from a large apartment complex behind the store.

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## Report Writing

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## Review Process & LVTAC Recommendations

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## Borschow


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- Purchased by Cardinal Health in 2008 to expand presence outside continental US
- Traditional distribution model
  - Largest pharmaceutical products and medical distributor in Puerto Rico
- SOM program managed by Borschow
- SOM program accrues grams versus dosage units

Summary Facts	
Business Model	Pharmaceutical and medical product distribution
Location	Puerto Rico
2012 CS Customers	Approx. 850
Top Selling Drug Family	Clonazepam
Primary Customer Base	Retail Independent and national chain stores
Corporate QRA SOM role	Oversight
SOM system	Borschow order fulfillment system (plans to integrate into ADC)

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## ParMed


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- Telemarketing business model
  - Sales process in which customers are contacted by phone (vs. “field reps” who contact customers in-person)
  - Cost effective method to sell to geographically dispersed/small volume customers
  - Limited product line (generics)
- Restricted distribution
  - No Oxycodone 15/30mg sales to Florida or Hydrocodone sales to Texas
- Static threshold limit model
  - Order quantity adjusted to ship to limit

Summary Facts	
Business Model	Telemarketing of generics
Location	Niagara Falls, NY
2012 CS Customers	Approx. 1,100
Top Selling Drug Family	Hydrocodone
Primary Customer Base	Retail Independents
Corporate QRA SOM role	Active management
SOM system	ADC

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## SPD


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- Launched in 2010 after the acquisition of P4
  - Strategy of Specialty Solutions is to fit between components of healthcare delivery
  - Consulting, GPO, Analytics, Clinical Pathways, Technology Solutions
- Specialty Distribution
  - Distribution of pharmaceuticals that treat complicated disease states (oncology)
- Controlled substances are generally administered versus dispensed

Summary Facts	
Business Model	Specialty pharmaceutical distribution
Location	LaVergne, TN
2012 CS Customers	25
Top Selling Drug Family	Lorazepam
Primary Customer Base	Practitioners
Corporate QRA SOM role	Active management
SOM system	SPD order fulfillment (AS400)

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## Kinray


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- Purchased by Cardinal Health in 2010 to expand footprint in region and deepen Independent customer base
- Traditional distribution model
  - Distribute pharmaceutical and OTC products
  - Distribute front-end products
- Service concentrated geographical area
  - Twice per day delivery
  - Customers run lean inventory due to confined space
- Overlap between Cardinal PD and Kinray customers

Summary Facts	
Business Model	Pharmaceutical distribution
Location	Whitestone, NY
2012 CS Customers	Approx. 2,000
Top Selling Drug Family	Oxycodone
Primary Customer Base	Retail Independents
Corporate QRA SOM role	Active management
SOM system	ADC

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## Dik Drugs


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- Purchased by Cardinal Health in 2012 to expand footprint in region and deepen Independent customer base
- Traditional distribution model
  - Distribute pharmaceutical and OTC products
  - Operate home health business
- Service relatively small geographical area
- Overlap between Cardinal PD and Dik Drug customers
  - Limited system integration
- Plans to move distribution capabilities to Aurora DC
  - Complete SOM integration

Summary Facts	
Business Model	Pharmaceutical distribution and home health
Location	Chicago, Illinois
2012 CS Customers	Approx. 400
Top Selling Drug Family	Hydrocodone
Primary Customer Base	Retail Independents
Corporate QRA SOM role	Oversight
SOM system	Dik Drug order fulfillment system

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### Overview of SOM Functions by Business Unit

QRA Function	Borschow	ParMed	SPD	Kinray	Dik Drugs
Corporate QRA Role	Oversight	Actively Manage	Actively Manage	Actively Manage	Oversight
Suspicious Order Reporting	Borschow	Corporate QRA	Corporate QRA	Corporate QRA	Dik Drugs / Corporate QRA
Held Order Resolution System	Borschow order system	ADC	SPD Distrack	ADC	Dik Drug AS400 system
New Customer Review	Borschow	Corporate QRA	Corporate QRA	Corporate QRA	Dik Drugs
Existing Customer Due Diligence	Paper copies maintained on-site	Content Manager	Content Manager	Content Manager	Paper copies maintained on-site
QRA Site Visits	Borschow and Corporate QRA	Corporate QRA	Corporate QRA	Corporate QRA	Corporate QRA
Sales Site Visits	Borschow Sales team	Cardinal Health PD Sales team	TBD	Cardinal Health & Kinray PD Sales team	Cardinal Health & Dik Drug Sales team

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## Impact to Specific Business Units

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